

# **Kentucky Agricultural Finance Corporation**

## **Minutes of the April Meeting**

The meeting of the Kentucky Agricultural Finance Corporation was held on Friday, April 7, 2006 at 10:00 AM EDT at the Transportation Conference Center in Frankfort, Kentucky. Michael Judge, presiding, called the meeting to order. Mr. Judge then asked Nicole Ray, Secretary, to call the roll.

### **Members Present**

Commissioner Farmer (Michael Judge, designee); Wayne Hunt; Larry Jagers; Jane Jones; Frank Penn; Secretary Rudolph (Mark Treesh, designee); Annette Crawford Walters

### **Members Absent**

Doug Lawson, Charles Miller, Billy Joe Miles, Bob Proffitt, James Reams

### **Others Present**

**Staff** - David Bratcher, Brian Furnish, Tim Hughes, Bill McCloskey, Nicole Ray

**Guests**- Lowell Atchley, Legislative Research Commission

### **Notification of Press**

Tim Hughes stated that the media had been notified.

### **Introduction of Guests**

Mr. Hughes introduced Lowell Atchley from the Legislative Research Commission and Brian Furnish and Bill McCloskey from the Governor's Office of Agricultural Policy.

### **Review and approval of Minutes of March 3, 2006**

A motion to approve the March minutes was made by Mr. Jagers, seconded by Mr. Penn. The motion passed without dissent.

### **Executive Director's Report**

Mr. Rogers is out of town today for a conference in Murray, KY.

Mr. Hughes called the attention of the Board to the memo by Keith Rogers on the suggested meeting schedule for the remainder of 2006 (on file with Board Secretary) and discussed the possibility of the KAFC and KADB Boards meeting together in July. **A motion to accept the schedule was made by Mr. Hunt, seconded by Mr. Treesh. The motion passed without dissent.**

Mr. Hughes asked the Board if they wanted to consider loan approval options other than monthly board meetings. The Board took no action.

The next Board meeting will be Friday, May 5 in Frankfort.

### **Marketing and Business Development Coordinator's Report**

Mr. Hughes called the attention of the Board to the status report of the current projects (on file with Board Secretary) and provided an overview of funded projects and remaining balances.

Mr. Hughes announced that the loan for Kentucky Bio-Processing was closed. There will be a ribbon cutting at a date yet to be determined.

### **Old Business**

AF06-0003. At the March meeting, the Board approved the loan contingent on securing additional collateral. The applicant has decided not to provide additional collateral to KAFC and is seeking financing from the Farm Service Agency in Christian County. He has requested a denial letter from KAFC to qualify him for FSA assistance. Staff recommends that the KAFC Board deny approval for this application and instruct staff to draft a letter to the applicant notifying him of Board action. **A motion to deny the loan was made by Ms. Walters, seconded by Mr. Penn. The motion passed without dissent.**

Mr. Hughes notified the Board that at the March meeting of the Agricultural Development Board, the Coordinated Value-Added Assistance Loan Fund was tabled and the Beginning Farmer Loan Fund was granted \$2 million instead of the requested \$5 million due to the uncertainty of ADB funds in the future budget.

Mr. Hughes called the attention of the Board to the recommended guidelines and application for the Beginning Farmer Loan Program (on file with Board Secretary). **A motion to approve the guidelines and application, with authority to modify the application as suggested, was made by Ms. Walters, seconded by Mr. Jagers. The motion passed without dissent.**

Mr. Hughes called the attention of the Board to the document titled Beginning Farmer Financing Examples (on file with Board Secretary). Mr. Hughes asked the Board if an applicant would be able to access both the Beginning Farmer and the Agricultural Infrastructure loan programs or be limited to accessing just one program. **A motion to allow an applicant to access both programs was made by Mr. Hunt, seconded by Mr. Penn. The motion passed without dissent.**

### **New Business**

#### **Loan applications**

#### *Agricultural Infrastructure Loan Program - Discussion and Action*

Mr. Hughes presented the following loan applications:

AF06-0009. Applicants are requesting \$100,000 over 10 years for construction of a free-stall dairy barn. Edmonton State Bank in Glasgow is the participating lender. **A motion to approve the loan and grant Mr. Rogers authority to negotiate collateral was made by Mr. Hunt, seconded by Mr. Penn. The motion passed without dissent.**

AF06-0010. Applicants are requesting \$75,000 over 10 years for renovation and expansion of a horse barn. This loan will be in conjunction with Central Kentucky

Agricultural Credit Association in Paris. **A motion to approve was made by Ms. Walters, seconded by Mr. Penn. The motion passed without dissent.**

AF06-0011. Applicants are requesting \$55,000 over 10 years for renovation of a milk room, construction of stack pads and repair of a manure pit, construction of a fresh cow barn and to build a heifer lot for the dairy. This loan will be in conjunction with Central Kentucky Agricultural Credit Association in Lebanon. **A motion to approve was made by Mr. Jagers, seconded by Ms. Walters. The motion passed without dissent.**

AF06-0012. Applicants are requesting \$30,000 over 10 years for construction of a tobacco barn. South Central Bank in Elizabethtown is the participating lender. **A motion to approve was made by Ms. Walters, seconded by Mr. Penn. The motion passed without dissent.**

AF06-0013. Applicants are requesting \$100,000 over 10 years for construction of a new grain facility. This loan will be in conjunction with Jackson Purchases Agricultural Credit Association in Murray. **A motion to approve was made by Mr. Jagers, seconded by Mr. Hunt. The motion passed without dissent.**

AF06-0014. Applicants are requesting \$100,000 over 10 years for construction of a free-stall dairy barn and purchase of a bulk milk tank. This loan will be in conjunction with Farm Credit Services of Mid-America in Glasgow. **A motion to approve was made by Mr. Hunt, seconded by Mr. Jagers. The motion passed without dissent.**

AF06-0015. Applicant is requesting \$24,750 over 10 years for construction of a tobacco barn. Integra Bank National Association in Dale, IN is the participating lender. **This loan has met the requirements and was approved by staff.**

AF06-0016. Applicants are requesting \$60,000 over 10 years for construction of a horse barn and to rebuild perimeter fencing. Citizens Commerce National Bank in Versailles is the participating lender. **A motion to approve was made by Mr. Hunt, seconded by Mr. Penn. The motion passed without dissent.**

#### *Agricultural Processing Loan Program – Discussion and Action*

Mr. Hughes presented the following application:

AF06-0017. Commonwealth Chemical Traders is requesting \$350,000 to build and operate a 1,800,000 gallon bio-diesel plant in Northern Kentucky. Staff recommends that the KAFC and KADB develop guidelines for projects that do not purchase raw agricultural commodities.

#### **Other Business**

No other business.

#### **Closing Remarks**

The motion to adjourn was made by Mr. Jaggers, seconded by Mr. Treesh. The motion passed without dissent.  
The meeting adjourned at 11:49 am EDT.